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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Mission in the Central African Republic and Chad

Budget performance report of the United Nations Mission in the Central African Republic and Chad for the period from 1 July 2010 to 30 June 2011

Report of the Advisory Committee on Administrative and Budgetary Questions

Apportionment for 2010/11	$239,096,600
Expenditure for 2010/11	$236,252,300
Unencumbered balance for 2010/11	$2,844,300

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I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the financial performance report of the United Nations Mission in the Central African Republic and Chad (MINURCAT) for the period from 1 July 2010 to 30 June 2011 and, where appropriate, has made observations and recommendations below.

2. The general report of the Advisory Committee on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (to be issued under the symbol A/66/718) contains its views and recommendations on a number of cross-cutting issues. In the present report, the Committee deals with resources and other items that relate specifically to MINURCAT.

3. In considering the report on the budget performance of MINURCAT for the period from 1 July 2010 to 30 June 2011 (A/66/646), the Advisory Committee has taken into account the recommendations of the Board of Auditors related to the Mission (see A/65/5 (Vol. II), chap. II) as referred to in paragraphs 27 and 28 below. A separate report of the Committee on the findings of the Board will be issued as document A/66/719. **The Committee continues to stress the value of the findings of the Board of Auditors and reiterates the need to implement its recommendations within the time frames specified by the Secretary-General.**

4. The documents reviewed and those used for background by the Advisory Committee in its consideration of the financing of MINURCAT are listed at the end of the present report.

5. The mandate of MINURCAT was established by the Security Council in its resolution 1778 (2007) and extended in subsequent resolutions, in which the Mission was mandated to help create security conditions conducive to the voluntary, secure and sustainable return of refugees and displaced persons in eastern Chad and the north-eastern area of the Central African Republic.

6. By its resolution 1923 (2010), the Security Council decided on a final extension of the mandate of MINURCAT until 31 December 2010 and called upon the Secretary-General to complete the withdrawal of all uniformed and civilian components of the Mission, other than those required for its liquidation, by 31 December 2010.

II. Budget performance report for the period from 1 July 2010 to 30 June 2011

7. In accordance with Security Council resolution 1923 (2010), the budget performance period ended 30 June 2011 was marked by the drawdown and closure of the Mission and the completion of its administrative liquidation on 30 April 2011. In this connection, all military personnel were repatriated, international staff were reassigned to other missions or returned to their home countries or parent organizations and Mission assets were disposed of in accordance with the Financial Regulations and Rules of the United Nations.

8. By its resolution 65/254 A, the General Assembly decided to appropriate an amount of $239,096,600 gross ($234,629,600 net) for the 2010/11 period, inclusive

of $205,748,500 gross ($202,016,600 net) for the maintenance of the Mission for the period from 1 July to 31 December 2010 and $33,348,100 gross ($32,613,000 net) for its administrative liquidation for the period from 1 January to 30 April 2011, taking into account the amount of $215 million previously authorized for the maintenance of the Mission for the period from 1 July to 31 December 2010 under the terms of Assembly resolution 64/286.

9. Subsequently, in its resolution 65/254 B, the General Assembly decided to defer until its sixty-sixth session action on the unencumbered balance of $149,947,800, as well as other income and adjustments in the amount of $13,466,100 and the increase of $1,527,100 in the estimated staff assessment income, and requested the Secretary-General to report to it at its sixty-sixth session updated information on the cash position of the Mission.

10. Expenditures for the period totalled $236,252,300, resulting in an unencumbered balance of $2,844,300, which represents, in gross terms, 1.2 per cent of the total apportionment. Detailed information on resource performance is provided in section III of the report of the Secretary-General, and a detailed analysis of the variances is provided in section IV of the report.

11. Underexpenditure was incurred under, inter alia:

(a) Facilities and infrastructure ($5,529,700, or 10.1 per cent of the apportionment), attributable primarily to reduced requirements in respect of petrol and lubricants, maintenance services and security services owing to the earlier than anticipated closure of the Mission, partially offset by additional requirements for construction services owing to the reinstatement of some 2009/10 obligations in connection with the completion of the construction of infrastructure projects in support of the Détachement intégré de sécurité (DIS);

(b) Ground transportation ($4,478,400, or 71.4 per cent of the apportionment), attributable primarily to reduced requirements stemming from the earlier than anticipated return of vehicles to the Mission's storage facilities because of the separation and reassignment of staff in the context of the closure and administrative liquidation of the Mission;

(c) Air transportation ($8,577,400, or 14.4 per cent of the apportionment), attributable primarily to reduced requirements with respect to the rental and operation of the Mission's aircraft fleet owing to the earlier than anticipated depositioning of aircraft as well as the higher than anticipated volume of air operations in the eastern part of Chad, which involved no ground handling charges;

(d) Other supplies, services and equipment ($2,915,000, or 20.3 per cent of the apportionment), attributable primarily to reduced requirements for freight and related costs owing to the lower than budgeted cost of shipping Mission assets out of Chad as receiving missions covered the related freight costs; reduced requirements for mine detection and clearance services due to the implementation of the demining contract at a lower cost by the United Nations Office for Project Services, as well as a decreased quantity of rations for aircrews owing to the utilization of small passenger aircraft with smaller crews.

12. Overexpenditure was incurred under the following:

(a) Military contingents ($3,113,500, or 6.8 per cent of the apportionment), due primarily to additional requirements with respect to freight owing to the higher

than budgeted cost of repatriation of contingent-owned equipment as well as the recording of 2009/10 freight charges in 2010/11; additional requirements for repatriation travel owing to a higher than budgeted number of contingent personnel repatriated at a higher cost of airfare; and increased requirements for mission subsistence allowance owing to the higher after-30-days subsistence allowance rate of $252 per person per day compared to the budgeted $170 per person per day. Upon enquiry, the Advisory Committee was informed that the significant increase in expenditure recorded in June 2011 was attributable primarily to the repatriation of military contingents and contingent-owned equipment based on claims received and confirmed after the Mission's closure. It was further indicated that in some cases the claims were for repatriations carried out in prior financial periods;

(b) International staff ($13,234,900, or 40.7 per cent of the apportionment), attributable primarily to the higher than budgeted requirements for international staff salaries and related costs because the budget estimates for the Field Service category of staff had been based on the 2009/10 salary scale and the higher than anticipated cost of termination indemnity and relocation grant payments, partially offset by reduced requirements with respect to hazardous duty station allowance for staff relocated to N'Djamena (see para. 17 below);

(c) National staff ($1,005,200, or 13.6 per cent of the apportionment), due primarily to the slower than anticipated separation of national staff and the reclassification of national staff posts, resulting in retroactive payments to 156 post incumbents (see paras. 18-21 below);

(d) Official travel ($1,135,200, or 117.1 per cent of the apportionment), attributable primarily to additional requirements with respect to non-training-related official travel owing to increased within-mission travel by staff in connection with liquidation activities and the travel of staff from other missions on temporary duty assignment to assist MINURCAT (see para. 22 below).

13. As indicated in section III.B of the report of the Secretary-General, funds in the amount of $18.8 million were redeployed from operational costs to cover freight charges for the shipment of contingent-owned equipment under military and police personnel ($3.8 million) and to accommodate additional requirements under international and national staff ($15.0 million). **While giving due consideration to the unique challenges that were faced in the liquidation and closure of MINURCAT, the Advisory Committee nonetheless concurs with the recommendation of the Board of Auditors that the existing monitoring and review of budgetary redeployments be enhanced (A/66/5 (Vol. II), chap. II, para. 49). The Committee intends to make further detailed comments on the subject of redeployment in the context of its report on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations.**

III. Financial position

14. The information provided by the Secretary-General indicates that, as at 27 January 2012, a total of $1,484,727,200 had been assessed on Member States in respect of MINURCAT since its inception. Payments received as at that date amounted to $1,466,368,600, leaving an outstanding balance of $18,358,600. The Advisory Committee recalls the repeated calls by the General Assembly for all

Member States to pay their assessed contributions in full, on time and without conditions (see Assembly resolutions 65/293, 64/243, 62/236, 56/253 and 54/249).

15. As at 31 December 2011, the cash available to the Mission amounted to $184,014,000. The information provided by the Secretary-General indicates that the troop-contributing countries had been fully reimbursed as at that date. The Advisory Committee was informed that the cash requirements as at that date amounted to $55,767,000, comprising contributions or payments received in advance, unliquidated obligations, including prior-period obligations, and other accounts payable, leaving a net amount of $128,247,000 available to be returned to Member States.

16. According to the information provided, the credits due to Member Sates for the period ended 30 June 2010 amounted to $163,413,900, which comprised an unencumbered balance of $149,947,800 and other income and adjustments in the amount of $13,466,100. The Advisory Committee recalls that in its resolution 65/254 B, the General Assembly decided to defer action on those balances until its sixty-sixth session. The excess of credits due to Member States ($163,413,900) over the amount of cash available for return to them ($128,247,000) represents a cash shortfall of $35,166,900 as at 31 December 2011. The updated financial position of the Mission as at 31 December 2011 is summarized in annex I, table 1, below.

IV. Other matters

Overexpenditure under international staff

17. The Advisory Committee notes that the overexpenditure of 40.7 per cent under international staff was attributable mainly to the use of the 2009/10 salary scale for Field Service staff instead of the 2010/11 scale owing to an oversight during the preparation of the Mission's 2010/11 budget. **The Committee regrets this incorrect application of the salary scale and calls for the utmost diligence in the formulation of the budget estimates to avoid its recurrence.**

Overexpenditure under national staff

18. Upon enquiry, the Advisory Committee was informed that the overexpenditure of $1,005,200 with respect to national staff had been due mainly to the variance between the salary scale used in the budget compared with the actual grade levels of personnel in the Mission ($646,200); higher than budgeted requirements for termination indemnities ($20,300); overtime ($90,300); and the impact of the slower than anticipated drawdown of personnel ($248,400).

19. The Advisory Committee was further informed that the variance between the grade levels used in the budget compared with the actual grade levels was attributable primarily to the reclassification of national staff posts, which had resulted in retroactive payments to 156 incumbents at higher grade levels following a comprehensive review undertaken by the Mission. The Committee was also informed that during the start-up of the Mission, a tiger team that included three staff members (1 Professional and 2 Field Service) dedicated to the recruitment of national staff had been deployed to MINURCAT to expedite recruitment activities. It was stated that a generic vacancy announcement listing all vacant positions in the Mission had been published without the grade levels having been determined. It was

also stated that the recruitment team had reviewed applications and made offers based on the qualifications of the applicants and not on the requirements of the posts.

20. It was further indicated that this incorrect application of the grading guidelines had resulted in some inequities that the Department of Field Support had endeavoured to rectify by advising the Mission to conduct a review of the posts. However, because of the difficulties experienced by the Mission during its start-up phase, it was not possible to proceed with the exercise until July 2010, when a consultant was engaged for this purpose. The grading issue led to a labour dispute, with national staff going on strike and engaging legal counsel, with resulting pressure to continue the exercise to its conclusion despite the Mission already being in liquidation.

21. **The Advisory Committee expresses serious concern at the manner in which the recruitment exercise for the national staff of MINURCAT was conducted as well as its implications for the Mission's budget and the Organization's image. In this connection, the Committee calls for more judicious exercise of the delegation of recruitment authority. In addition, the lessons learned in this regard should be shared appropriately in the light of the ongoing conversion of international and Field Service posts to national posts across peacekeeping missions.**

Official travel

22. In the performance report, the Advisory Committee notes the overexpenditure of 117.1 per cent under official travel due primarily to increased travel in relation to the liquidation of the Mission. Upon enquiry, the Committee was informed that the additional requirements with respect to non-training-related travel of $1,353,100 pertained to within-mission travel ($749,300) and travel outside the mission area ($603,800), which included travel of staff from other missions and from Headquarters to backstop critical functions and provide support to the Mission in the context of its closure and liquidation activities. **As indicated in its previous report (A/65/743/Add.11, para. 9 (d)), the Committee reiterates the need for the prudent utilization of travel funds. In addition, recalling its comments in the same report (ibid., para. 16), the Committee is of the view that efforts should have been made to retain staff required for the liquidation of the Mission so as to avoid the increased requirements, especially those due to the travel of staff to support the Mission.**

Implementation of activities handed over at the termination of the Mission's mandate

23. Upon enquiry, the Advisory Committee was provided with updates on the status of some activities that were handed over to the Mission's partners at the time of the termination of its mandate. The activities included the construction of police posts, the provision of support to DIS and the drilling of wells for clean water.

24. The Secretary-General also indicates in the performance report that the construction of 6 police stations and 13 police posts had not been completed by the vendor as at 30 June 2011. Upon enquiry, the Advisory Committee was informed that a team from the Department of Field Support had visited Chad in November 2011 to assess the status of the construction. It was determined that 7 of the 19 sites had been completed, and they have since been handed over to the Government of Chad. The Committee was further informed that the status of completion for the 12 sites still in progress varied between 17 and 60 per cent and that another inspection visit would be undertaken in the near future. The Committee was also informed that

subsequent to the inspection visit, payments for the work completed so far were being processed and that the balance of obligations for the unpaid contractual work was $11.5 million as at 30 June 2011. **The Committee encourages the close monitoring of that pending construction project.**

25. According to information provided to the Advisory Committee, support to DIS will be provided by the United Nations country team through a joint programme of the United Nations Development Programme and the Office of the United Nations High Commissioner for Refugees (UNHCR), the terms of which the Government agreed upon on 25 February 2011, although activities to ensure the continuity of DIS operations, such as the new trust fund arrangement, had commenced as from 1 January 2011. It was also indicated that the conditions for the continued support of the United Nations to DIS had been agreed upon by the respective parties. **The Committee welcomes the establishment of this support mechanism, which should facilitate the role of DIS in fulfilling the objective of maintaining a secure environment in eastern Chad.**

26. The report of the Secretary-General indicates that 19 projects to dig or drill water wells had not been completed. Although the contract had been awarded and 4 community wells had been completed, work on 15 wells related to DIS had not commenced. Upon enquiry, the Advisory Committee was informed that a total of $728,527 had been obligated for the well-digging projects and that UNHCR had agreed in principle to review the continuation of the projects.

Implementation of the recommendations of the Board of Auditors

27. The Advisory Committee notes the comments on the implementation of the recommendations of the Board of Auditors contained in section VII of the report of the Secretary-General. With regard to the actions taken to recover approximately $1.5 million in aviation services that had been provided to other United Nations agencies (see A/65/5 (Vol. II), chap. II, para. 246), the Committee was informed that $1.2 million had been recovered so far, while the remaining $0.3 million had been recorded as a receivable, with efforts being made to ensure full recovery. **The Committee trusts that every effort will be made to recover the full amount as soon as possible.**

28. The Advisory Committee also notes the comments of the Board of Auditors regarding the validity of the environmental clearance certificates issued by MINURCAT during the decommissioning and decontamination of six Mission sites that were handed over (see A/65/5 (Vol. II), chap. II, para. 179). The Board, referring to an audit conducted by the Office of Internal Oversight Services, indicated that there were no signed certificates because an official of the Government had not been present at the inspections and that the certificates signed by regional governors were on MINURCAT letterhead, which affected their validity and could expose the Organization to future litigation. Upon enquiry, the representatives of the Secretary-General informed the Committee that the environmental indemnification certificates identified by the Board had been signed by the appropriate authorities, with MINURCAT letterhead used in accordance with the standard practice for liquidating missions, and that the certificates met all United Nations standards and as such were considered valid by the Department of Field Support. **The Committee takes note of this response, but is nonetheless surprised that the explanation is at variance with the observations made by the Board of Auditors. The Committee requests that appropriate action be taken to fully address the concerns raised by the Board so as to avoid reputational risk to the Organization.**

V. Conclusion

29. The actions to be taken by the General Assembly in connection with the financing of MINURCAT for the period from 1 July 2010 to 30 June 2011 are set out in paragraph 60 of the report of the Secretary-General. They include his proposal that the Assembly defer a decision on the treatment of the amount of approximately $60 million due to Member States.[1] Upon enquiry, the Advisory Committee was provided with an updated statement of the financial position of MINURCAT as at 31 December 2011 and an updated summary of the proposed action on assessments for the 2010/11 financial period (see annex I). The Committee was also provided with updated actions to be taken by the Assembly (see annex II).

30. Regarding the legal basis for the Secretary-General's proposal to retain the balance of $24.8 million until the General Assembly's consideration of the Mission's final performance report, the Advisory Committee notes that financial regulations 5.3, 5.4 and 5.5 require the unspent balance of appropriations to be surrendered. Upon enquiry, the Committee was informed that it was not possible to fully meet the requirements set out in those regulations because of the shortage of cash in the Special Account for MINURCAT. It was also indicated that since the regulations had been approved by the Assembly, a decision by the Assembly to defer action on the treatment of that balance until its consideration of the final performance report would in effect temporarily suspend the provisions of financial regulations 5.3, 5.4 and 5.5, thereby providing authorization for the Secretary-General to retain the balances until the cash position of the Mission improved.

31. **In view of its comments and observations contained in the preceding paragraphs, the Advisory Committee has no objection to the actions proposed by the Secretary-General, based on the information updated to 31 December 2011 (see annex II).**

Documentation

- Budget performance of the United Nations Mission in the Central African Republic and Chad for the period from 1 July 2010 to 30 June 2011 (A/66/646)
- Financial report and audited financial statements for the 12-month period from 1 July 2010 to 30 June 2011 and report of the Board of Auditors on United Nations peacekeeping operations (A/66/5 (Vol. II))
- Financial report and audited financial statements for the 12-month period from 1 July 2009 to 30 June 2010 and report of the Board of Auditors on United Nations peacekeeping operations (A/65/5 (Vol. II))
- General Assembly resolutions 65/254 A and B on the financing of the United Nations Mission in the Central African Republic and Chad
- Security Council resolution 1923 (2010)

[1] The updated amount as at 31 December 2011 is $24.8 million (see annex II, para. (f)).

Annex I

Updated summary of the financial position of the United Nations Mission in the Central African Republic and Chad as at 31 December 2011 and summary of proposed General Assembly action on assessments for 2010/11

Table 1

Updated summary of financial position as at 31 December 2011

(Thousands of United States dollars)

I. Cash assets	**184 014.0**
II. Cash requirements (liabilities)	
Contributions or payments received in advance	13 495.0
Accounts payable to Member States	—
Unliquidated obligations, including prior-period obligations	35 759.0
Other accounts payable and liabilities	6 513.0
Subtotal	**55 767.0**
III. Net cash available (I-II)	**128 247.0**
IV. Credits due to Member States for 2009/10 (resolution 65/254 B)	
(a) Unencumbered balance	**149 947.8**
(b) Other income:	
Interest income	4 199.8
Other/miscellaneous income	3 400.7
Cancellation of prior-period obligations	5 866.0
Prior-period adjustments	(0.4)
Subtotal	**13 466.1**
Credits due to Member States from 2009/10 (a+b)	**163 413.9**
V. Cash shortfall, 2009/10 (III-IV)	**(35 166.9)**
VI. Credits due to Member States for 2010/11	
Other income:	
Interest income	4 807.4
Other/miscellaneous income	11 712.3
Cancellation of prior-period obligations	31 037.5
Prior-period adjustments	(98.4)
Subtotal	**47 458.8**
Credits to be applied to the 2010/11 assessment shortfall	**(47 458.8)**
Total	—
VII. Cash shortfall, 2010/11 (V-VI)	**(35 166.9)**

Table 2

Proposed General Assembly action on assessments for 2010/11

(Thousands of United States dollars)

I. Assessment for 2010/11	
Appropriation	236 252.3
Already assessed (resolution 64/286)	(184 949.0)
Assessment shortfall	**51 303.3**
II. Application of credits due to Member States for the period ended 30 June 2011	(47 458.8)
Balance of assessments (I + II)	**3 844.5**
III. Partial application of credits due to Member States for the period ended 30 June 2010	(3 844.5)
IV. Appropriation for the support account for peacekeeping operations and the United Nations Logistics Base (resolution 64/286)	13 030.8
Already assessed for the support account for peacekeeping operations and the United Nations Logistics Base (resolution 64/286)	(6 515.4)
Assessment shortfall	**6 515.4**
V. Partial application of credits due to Member States for the period ended 30 June 2010	(6 515.4)
Additional assessment (II + III) and (IV + V)	—

Annex II

Additional information provided by the Secretary-General regarding updated actions to be taken by the General Assembly with respect to the United Nations Mission in the Central African Republic and Chad

The actions to be taken by the General Assembly in connection with the financing of MINURCAT are:

(a) To reduce the appropriation of $239,096,600 approved for the maintenance and administrative liquidation of the Mission for the period from 1 July 2010 to 30 June 2011 under the terms of General Assembly resolution 65/254 A by the amount of $2,844,300 to the amount of $236,252,300, equal to the expenditures incurred by the Mission during the period;

(b) Taking into account the amount of $184,949,000 previously assessed for the Mission for the period from 1 July 2010 to 30 June 2011 under the terms of resolution 64/286, to apply other income as at 31 December 2011 amounting to $47,458,800 from interest income ($4,807,400), other/miscellaneous income ($11,712,300) and cancellation of prior-period obligations ($31,037,500), offset by prior-period adjustments ($98,400), to the shortfall of assessments in the amount of $51,303,300 for the same period;

(c) To apply the amount of $3,844,500 of the unencumbered balance of $149,947,800 due to Member States in respect of the financial period ended 30 June 2010 to the balance of the shortfall in assessments in the same amount for the period ended 30 June 2011, representing the difference between the shortfall of assessments ($51,303,300) and other income ($47,458,800) for the same period;

(d) To apply the amount of $6,515,400 of the unencumbered balance of $149,947,800 due to Member States in respect of the financial period ended 30 June 2010 to the unassessed balance for the period ended 30 June 2011 in equal amounts to the support account for peacekeeping operations and the United Nations Logistics Base at Brindisi, Italy;

(e) To return credits to Member States in the amount of $128,247,000, representing the net cash available in the Special Account for the Mission as at 31 December 2011, of the unencumbered balance of $149,947,800 due to Member States in respect of the financial period ended 30 June 2010;

(f) To defer a decision on the treatment of the amount of $24,807,000, comprising the remaining unencumbered balance of $11,340,900 and other income in the amount of $13,466,100 due to Member States in respect of the financial period ended 30 June 2010, as well as the increase of $1,527,100 and $3,061,800 in the estimated staff assessment income for the periods ended 30 June 2010 and 30 June 2011, respectively, until consideration by the General Assembly of the final performance report for the Mission.